



THE CITY OF SAN DIEGO

DATE ISSUED: November 15, 2000 REPORT NO. RA-00-19

ATTENTION: Chair and Members of the Redevelopment Agency
Docket of November 21, 2000

SUBJECT: Second Implementation Agreement to the Disposition and Development Agreement for the International Gateway of the Americas Project with LandGrant Development and Cooperation Agreement with the City

REFERENCE: Manager's Reports No. RA-00-3, dated, February 16, 2000; RA98-4, dated May 6, 1998; and, RA-97-8, dated, July 11, 1997

SUMMARY

Issue - Should the Agency: (1) Enter into the Second Implementation Agreement to the Disposition and Development Agreement (DDA) for the International Gateway of the Americas (IGA) Project with LandGrant Development; and, (2) Authorize the Executive Director to prepare and execute a Cooperation Agreement with the City of San Diego for reimbursement of certain off-site public improvements associated with the IGA Project?

Manager's Recommendation - That the Agency: (1) Approve the Second Implementation Agreement to the DDA for the International Gateway of the Americas Project with LandGrant Development; (2) Authorize the Executive Director to prepare and execute a Cooperation Agreement with the City for reimbursement of certain off-site public improvements; and (3) Make certain findings that the improvements are of benefit to the San Ysidro Redevelopment Project Area or the immediate neighborhood in which the project is located; that no other reasonable means of financing the improvements are available to the community; that the payment of funds for such improvements will assist in the elimination of blighting conditions inside the project area; and that the proposed improvements are consistent with the Redevelopment Plan adopted for the Project Area on April 16, 1996, and the Five-Year Implementation Plan adopted April 2, 1996.

Other Recommendations - None. The San Ysidro Redevelopment Project Area Committee is no longer meeting due to budget limitations.

Redevelopment Agency

202 C Street, 3rd Floor, MS 3A • San Diego, CA 92101-3863

Tel (619) 236-6039 Fax (619) 236-6512

Economic Development and Community Services



Fiscal Impact - The Second Implementation Agreement does not change the amount of money going to the developer. The Agreement does, however, increase the amount of tax increment committed to off-site improvements benefitting the project. By entering into the Second Implementation Agreement the Agency is committing to contribute toward the cost of installing certain off-site public improvements in an estimated amount of \$700,000. It is anticipated that these improvements would not be installed until 2015. The Redevelopment Agency's net tax increment (after set asides) generated from Parcel A, B and C is projected to be \$15,876,630 over the next 30 years. The amount committed to repaying the Developer is \$11,634,780 (from Parcel A, B and C), leaving a balance of uncommitted tax increment revenue of \$4,241,850.

Environmental - The City Council and Redevelopment Agency certified a Mitigated Negative Declaration (MND) (SCNo.98031064) for this project with approval of the DDA on May 12, 1998.

BACKGROUND

On February 22, 2000, the Redevelopment Agency entered into the First Implementation Agreement with LandGrant Development. The First Implementation Agreement provided for the Developer to proceed with the first phase of the project ahead of the anticipated International Bridges and Border Commission authorization of the River Pedestrian Bridge. The first phase consists of 654,830 square feet of retail and restaurant commercial development located on approximately 57 acres of the 67 acre site (also know as Parcels A, B, and C in the DDA.)

In May of this year the Developer began processing the City Discretionary Permits. During this review the City determined that additional off-site public improvements beyond what was contemplated in the DDA, and a shift in phasing of some of the improvements, would be required to offset any potential traffic impacts in the area. The result of these requirements is an increase in excess of \$960,000 to the project costs not anticipated in the DDA, and beyond what the first phase of the project could sustain.

DISCUSSION

LandGrant has completed the discretionary permit review process. The Planning Commission hearing is scheduled for October 26, and the City Council is scheduled to take action on the permits at its November 14, 2000 meeting. The Second Implementation Agreement would redefine the off-site public improvements required by the project, when they would be required to be built and who would ultimately pay for those improvements. The Cooperation Agreement between the Agency and the City would provide for the Redevelopment Agency contributing a portion of the cost of installing specific off-site improvements when warrants demand.

Specifically, the Second Implementation Agreement would amend Attachment No. 4 (Scope of Development) Section A (Developer Responsibilities), Subsection 6 (Off-Site Improvements) as follows:

- 1) Section (A, 6., a.) would be amended to add the following improvements:
 - (3) Construction of a traffic signal at Dairy Mart Road and the Interstate 5 on and off ramps (previously required with development of Parcel E), an estimated cost of \$162,500.
 - (5) Widening of Camino de la Plaza from Virginia Avenue to Camiones Way (new condition), an estimated cost of \$60,000.
 - (6) Re-stripping of the off ramp and signal modifications south of I-5 at Camino de la Plaza (new condition), an estimated cost of \$45,000.
- 2) Section (A, 6., b.) would be amended to delete the old (1), which is a private drive and no longer a public street, and add the following improvement(s):
 - (2) The widening of Dairy Mart Road between the Dairy Mart / Interstate 5 interchange and the Camino de la Plaza/Dairy Mart Intersection (previously required with construction of Parcel E).
- 3) Section (A, 6., c.) would be amended to delete the old (2), (3) and (4) (these items were moved to earlier phases as noted above).
- 4) Add a new Section (C) titled Agency Responsibilities, which would include the Agency paying for, when warrants demand, estimated in 2015, the fair share of the following improvements:
 - (a.) The fair share (65%) of Dairy Mart Road and I-5 west-side ramp improvements (previously a condition of Parcel E), an estimated cost of \$200,000 and intersection improvements to the south bound off ramp (new condition), an estimated cost of \$65,000.
 - (b.) The fair share (61.6%) of the widening of Willow Road and signal modifications (new condition), and estimated cost of \$256,000.
 - (c.) The fair share (46.6%) of south bound I-5 off ramp and signal modifications at Camino de la Plaza (new condition), and estimated cost of \$175,000.
 - (d.) The fair share (50.2%) of traffic signal modification and re-stripping of Camino de la Plaza and Beyer Boulevard (new condition) and estimated cost of \$6,260.
 - (e.) The Developer shall not be responsible for the improvements to the traffic signal at West San Ysidro Boulevard / Interstate 5 northbound ramps (N), which are already a part of the City's CIP Budget/Program. The Redevelopment Agency will assist the City in moving this project forward with CALTRANS.

The Cooperation Agreement between the City and Redevelopment Agency would provide for the Agency contributing tax increment funds toward the specific off-site improvements noted above in paragraph 4). The Developer anticipates beginning construction on the first phase by December of this year.

FINDINGS

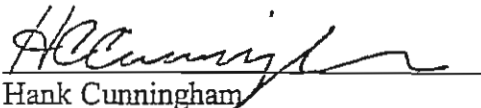
State law requires that certain findings be made by the City Council and the Redevelopment Agency prior to the expenditure of Redevelopment Agency funds for public

facilities/improvements. Attachment 2 recites the proposed findings with respect to the benefits of the proposed improvements to the San Ysidro Redevelopment Project Area, the unavailability of other reasonable means to finance the proposed improvements, how the proposed improvements will assist in the elimination of blighting conditions inside the Project Area and that the proposed improvements are consistent with the Redevelopment Plan and Five-Year Implementation Plan adopted for the Project.

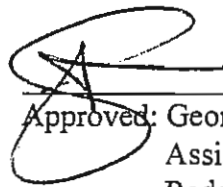
ALTERNATIVE

Do not approve the Second Implementation Agreement with LandGrant Development. This alternative would significantly delay, or stop, the development of this project.

Respectfully submitted,



Hank Cunningham
Deputy Executive Director of
Redevelopment



Approved: George Loveland
Assistant Executive Director of
Redevelopment

CUNNINGHAM/PKH

ATTACHMENT: 1) Second Implementation Agreement
2) Findings

iga2ndimplementationstaffreport



THE CITY OF SAN DIEGO

MANAGER'S REPORT

DATE ISSUED: November 15, 2000 REPORT NO. 00-247

ATTENTION: Mayor and Members of the City Council
Docket of November 21, 2000

SUBJECT: Cooperation Agreement with the Redevelopment Agency for the
International Gateway of the Americas Project (LandGrant Development)

REFERENCE: Manager's Reports No. RA-00-3, dated, February 16, 2000; RA98-4,
dated May 6, 1998; and, RA-97-8, dated, July 11, 1997

SUMMARY

Issue - Should the Council authorize the City Manager to prepare and execute a Cooperation Agreement with the Redevelopment Agency for reimbursement of certain off-site public improvements associated with the International Gateway of the Americas Project?

Manager's Recommendation - That the Council: (1) Authorize the City Manager to prepare and execute a Cooperation Agreement with the Redevelopment Agency for reimbursement of certain off-site public improvements associated with the IGA Project; and (2) Make certain findings that the improvements are of benefit to the San Ysidro Redevelopment Project Area or the immediate neighborhood in which the project is located; that no other reasonable means of financing the improvements are available to the community; that the payment of funds for such improvements will assist in the elimination of blighting conditions inside the Project Area; and that the proposed improvements are consistent with the Redevelopment Plan adopted for the Project Area on April 16, 1996, and the Five-Year Implementation Plan adopted on April 2, 1996.

Other Recommendations - None. The San Ysidro Redevelopment Project Area Committee is no longer meeting due to budget limitations.

Fiscal Impact - The Agreement will provide tax increment revenue for off-site improvements benefitting the International Gateway of the Americas Project and the San

Ysidro community in an estimated amount of \$700,000. It is anticipated that these improvements would not be installed until 2015. The Redevelopment Agency's net tax increment (after set asides) generated from Parcel A, B and C is projected to be \$15,876,630 over the next 30 years. The amount committed to repaying the Developer is \$11,634,780 (from Parcel A, B and C), leaving a balance of uncommitted tax increment revenue of \$4,241,850.

Environmental - The City Council and Redevelopment Agency certified a Mitigated Negative Declaration (MND) (SCNo.98031064) for this project with approval of the DDA on May 12, 1998.

BACKGROUND

On February 22, 2000, the Redevelopment Agency entered into the First Implementation Agreement with LandGrant Development. The First Implementation Agreement provided for the Developer to proceed with the first phase of the project ahead of the anticipated International Bridges and Border Commission authorization of the River Pedestrian Bridge. The first phase consists of 654,830 square feet of retail and restaurant commercial development located on approximately 57 acres of the 67 acre site (also know as Parcels A, B, and C in the DDA.)

In May of this year the Developer began processing the City Discretionary Permits. During this review the City determined that additional off-site public improvements beyond what was contemplated in the DDA, and a shift in phasing of some of the improvements, would be required to offset any potential traffic impacts in the area. The result of these requirements is an increase in excess of \$960,000 to the project costs not anticipated in the DDA, and beyond what the first phase of the project could sustain.

DISCUSSION

LandGrant has completed the discretionary permit review process. The Planning Commission hearing is scheduled for October 26, and the City Council is scheduled to take action on the permits at its November 14, 2000 meeting. The Second Implementation Agreement would redefine the off-site public improvements required by the project, when they would be required to be built and who would ultimately pay for those improvements. The Cooperation Agreement between the Agency and the City would provide for the Redevelopment Agency contributing a portion of the cost of installing specific off-site improvements when warrants demand.

Specifically, the Cooperation Agreement would provide the Agency contributing Tax Increment, when warrants demand, estimated in 2015, for the following improvements:

- (1) The fair share (65%) of Dairy Mart Road and I-5 west-side ramp improvements (previously a condition of Parcel E), an estimated cost of \$200,000 and south bound off ramp intersection improvements (new condition), an estimated cost of \$65,000.

- (2) The fair share (61.6%) of the widening of Willow Road and signal modifications (new condition), and estimated cost of \$256,000.
- (3) The fair share (46.6%) of south bound I-5 off ramp and signal modifications at Camino de la Plaza (new condition), and estimated cost of \$175,000.
- (4) The fair share (50.2%) of traffic signal modification and re-striping of Camino de la Plaza and Beyer Boulevard (new condition) and estimated cost of \$6,260.
- (5) The Developer shall not be responsible for improvements to the traffic signal at West San Ysidro Blvd./I-5 which is in the City's CIP Budget/Program.

FINDINGS

State law requires that certain findings be made by the City Council and the Redevelopment Agency prior to the expenditure of Redevelopment Agency funds for public facilities/improvements. Attachment 2 recites the proposed findings with respect to the benefits of the proposed improvements to the San Ysidro Redevelopment Project Area, the unavailability of other reasonable means to finance the proposed improvements, how the proposed improvements will assist in the elimination of blighting conditions inside the Project Area and that the proposed improvements are consistent with the Redevelopment Plan and Five-Year Implementation Plan adopted for the Project.

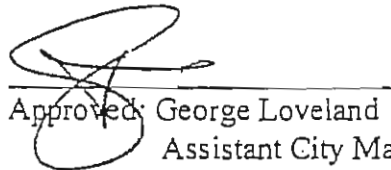
ALTERNATIVE

Do not approve a Cooperation Agreement with the Redevelopment Agency. This alternative would significantly delay, or stop, the development of this project.

Respectfully submitted,



Hank Cunningham
Director
Economic Development and Community Services



Approved: George Loveland
Assistant City Manager

CUNNINGHAM/PKH

ATTACHMENT(S) Findings

iga2ndimplementationstaffreportcouncil

CITY OF SAN DIEGO
M E M O R A N D U M

DATE: January 8, 2001

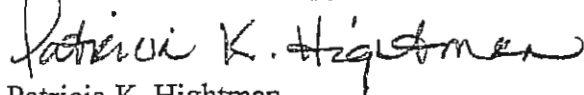
TO: Charles Abdelnour, City Clerk

FROM: Patricia K. Hightman, Assistant Deputy Director, Redevelopment Agency

SUBJECT: City Council Report No. 00-247 from Council Docket of November 21, 2000 &
Redevelopment Agency Report No. RA-00-19 from Agency Docket of
November 21, 2000

It has come to my attention that the second page of City Council Report No. 00-247 was inadvertently replaced with the second page from the Redevelopment Agency Report No. RA-00-19 for the distribution for the November 21, 2000 Council/Agency dockets. The reports were correct on the internet and the attachments and resolutions were correct.

Attached is a correct copy of the City Council Report No. 00-247 for your records.



Patricia K. Hightman

PKH:

Attachment

cc: Hank Cunningham, Community Development Director
Todd Hooks, Deputy Director, Redevelopment
Debra Waring, Auditor's Office
Jeannette Santos, Redevelopment Agency Secretary
Sam Marasco, LandGrant Development

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